

I/10892/2019

Commissionerate of CT and GST, Odisha (At Cuttack)
(Finance Department, Government of Odisha)

No.POL-56/3/2017-Policy 3759/CT.,Dated. 12/3/2019

To

The Project Engineer
Odisha Water Supply & Sewerage Board
OISIP, JICA, 2nd Floor, PHEO Building,
Unit-V, Bhubaneswar - 751001

Sub: Recovery of GST from the bill of Dispute Board engaged for solving dispute arises between Govt. & contractor MIs VA TECH WABAG Ltd, Chennai- Regarding

Ref: Your office letter No. 5427/OWSSB dt. 28.12.2018

Sir,

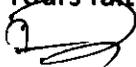
In inviting a reference to your office letter on the subject cited above, I am directed to clarify the issue as follows:

Section 51 of the CGST/OGST Act, 2017 mandates deduction of tax from the payment made to a supplier of taxable goods or services where the value of such supply under a contract exceeds Rupees two lakhs and fifty thousand. In the case under consideration, the payment made by JICA is apparently reimbursement of its own share of the remuneration payable to the Dispute Board members which had been paid in full by the contractor. This is not a case of payment as consideration for any supply made by the contractor. Accordingly, in the absence of supply, there is no requirement for deduction of tax u/s 51 (1) of the OGST/CGST Act. Even otherwise, the board members are not taxable persons and are not chargeable to GST for the arbitration service rendered by them.

It is therefore, advisable not to deduct GST on the payment released to the contractor by way of reimbursement of 50% of the payment made to the Dispute Board members constituted to settle their mutual disputes.

This is issued with approval of the Commissioner, CT & GST.

Yours faithfully


12.02.19
Addl. Commissioner of Commercial Taxes
(Policy)